

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ITEM # 1 Semi-Annual Reporting (SAR) in the CalFresh Program

The CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held February 11, 2015, as follows:

Office Building # 8
744 P St. Room 103
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The purpose of the hearing is to receive public testimony, not to engage in debate or discussion. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on February 11, 2015.

Following the public hearing CDSS may thereafter adopt the proposals substantially as described below or may modify the proposals if the modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below:

CONTACT: Office of Regulations Development
 California Department of Social Services
 744 P Street, MS 8-4-192
 Sacramento, California 95814

TELEPHONE: (916) 657-2586 FACSIMILE: (916) 654-3286
E-MAIL: ord@dss.ca.gov

CHAPTERS

Manual of Policies and Procedures (MPP), Chapter 63-100, 63-300, 63-400, 63-500, 63-600, 63-800

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Assembly Bill (AB) 6 (Chapter 501, Statutes of 2011) replaces the current Quarterly Reporting/Prospective (QR/PB) system with a SAR system in the CalFresh and California Work Opportunity and Responsibility to Kids (CalWORKs) Programs. The bill mandated that SAR be implemented as soon as April 1, 2013 and no later than October 1, 2013. This regulation package only amends the CalFresh regulations.

AB 444 (Chapter 1022, Statutes of 2002) replaced the Monthly Reporting/Retrospective Budgeting (MR/RB) with a QR/PB System effective 2004. The bill required the CalFresh program to adopt QR/PB to the extent permitted by federal law, regulation, waivers and directives and considering cost-effectiveness and compatibility with the CalWORKs program. Since the implementation of QR/PB in CalFresh and CalWORKs, the United States Department of Agriculture, Food and Nutrition Service (FNS) have encouraged California to move towards a simplified, six-month reporting system.

AB 6 mandates that CalFresh and CalWORKs implement SAR in a cost-effective manner that promotes compatibility between the two programs. The FNS rules do not allow CDSS to require a second semi-annual report in addition to the annual recertification of eligibility in the CalFresh Program. Consequently, CDSS has determined that rather than requiring two semi-annual reports in addition to the annual redetermination of eligibility, the annual recertification will take the place of the second semi-annual report. This change also reduces the reporting burden on recipients and reduces the administrative burden on county workers by not mandating duplicative reporting requirements.

In order to more closely align the treatment of income under federal Supplemental Nutrition Assistance Program (SNAP) prospective budgeting rules (as indicated in AB 6), recipients will no longer have to estimate their income for each month of the SAR Payment Period in order for eligibility workers to average the household's income over the period. Instead, a monthly income amount will be determined for the SAR Payment Period based only on current income and reasonably anticipated changes. This policy change aligns CalFresh and CalWORKs with federal SNAP prospective budgeting rules, simplifies the process of reasonably anticipating income for both recipients and county workers and will alleviate one of the factors that have been found to be the most confusing and error-prone under QR.

This regulation package also contains numerous clean-up and technical changes, including repealing outdated MPP regulations and correcting outdated terms and references.

The Department considered other possible related regulations in this area and has determined that these are the only regulations relevant to this subject area (CalFresh reporting systems) and, therefore, the Department finds that these proposed regulations are compatible and consistent with the intent of the Legislature in adopting AB 6, as well as with existing state and federal regulations.

Anticipated Benefits of Proposed Action

The benefits anticipated from this regulatory action include simplifying reporting responsibilities for CalFresh recipients and providing administrative relief for county eligibility workers.

Evaluation of Inconsistency or Incompatibility With Existing State Regulations

After conducting an evaluation for any related regulations on this area, CDSS has determined that these are the only regulations dealing with SAR in the CalFresh Program. Therefore, the proposed regulations are neither inconsistent nor incompatible with existing state statute.

COST ESTIMATE

1. Costs or Savings to State Agencies: The funding was budgeted in the 2014 May Revision under the SAR premise for \$194,000 in FY 2014-2015.
2. Costs to Local Agencies or School Districts Which Must Be Reimbursed in Accordance With Government Code Sections 17500 – 17630: These regulation changes result in savings to CalFresh and California Food Assistance Program (CFAP) administration and costs in CFAP benefits, mailing and notifications and automation. Statute limits the administrative savings that are reflected in the budget to the amount necessary to offset the net General Fund costs of SAR. For FY 2014-15, there is no county share of cost and, therefore, no savings to offset.
3. Nondiscretionary Costs or Savings to Local Agencies: This regulation does not affect any local entity or program.
4. Federal Funding to State Agencies: These regulation changes result in savings to CalFresh and CFAP administration and costs in CFAP benefits, mailing and notifications and automation. Statute limits the administrative savings that are reflected in the budget to the amount necessary to offset the net General Fund costs of SAR. For FY 2014-15, there is no county share of cost and, therefore, no savings to offset.

LOCAL MANDATE STATEMENT

These regulations impose a mandate upon county welfare departments but not on school districts. Since the county share of the program is capped at a specified maintenance of effort level, there are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code (GC). If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the GC. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the State Mandates Claims Fund.

STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

The CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made because this action only pertains to simplifying the reporting requirements for CalFresh recipients and lessening their reporting burden from four times a year to twice a year.

STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

The CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

SMALL BUSINESS IMPACT STATEMENT

The CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies.

STATEMENT OF RESULTS OF ECONOMIC IMPACT ASSESSMENT

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California. This regulatory action will not have an effect on the health and welfare of California residents, worker safety or the state's environment. The benefits anticipated from this regulatory action include simplifying the reporting responsibilities for both CalFresh recipients and county eligibility workers.

STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

STATEMENT OF ALTERNATIVES CONSIDERED

AB 6 mandates that CDSS implement this policy change through the regulatory process. In developing the regulatory action, CDSS did not consider any other alternatives than the one proposed because there were no other alternatives proposed.

The CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed action or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

AUTHORITY AND REFERENCE CITATIONS

Sections 10553 and 10554 of the Welfare and Institutions (W&I) Code grants CDSS the authority to develop the regulations and Section 10830 of the W&I Code is being referenced to make the regulations more specific.

CDSS REPRESENTATIVE REGARDING THE RULEMAKING PROCESS OF THE PROPOSED REGULATION

Contact Person:	Oliver Chu:	(916) 657-2586
Back-up:	Everado Vaca:	(916) 657-2586